TOBACCO
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United Kingdom report . . .

Tobacco industry shocked by Britain's announcement of new surcharge on duty

BY RICHARD SMITH, London Editor

LONDON, ENGLAND. — Shocking increases in taxation announced by Roy Jenkins, Britain's Chancellor of the Exchequer, following his return from a European financial summit conference in Bonn, included a surcharge on the tobacco duty.

This will have the effect of adding up to 5*d.* to the price of a pack of cigarettes with corresponding increases on tobacco and cigars.

For Britain's hard-pressed smokers it is the third increase this year. As a result of a boost in tobacco duty in the government's March budget, prices were raised by 2*d.* on a pack of 20. Then manufacturers put their prices up by 1*d.* a pack to offset increased costs.

Now comes this latest massive increase, one of many measures imposed on the British public in a desperate attempt to restrict consumer spending and cut imports, the whole situation being intensified by the international currency crisis.

• **Other measures**—Besides the surcharge in tobacco duty, the Chancellor announced a whole series of measures which hike the price of many products to U.K. consumers. Another measure was the introduction of an import deposit scheme which requires that importers of certain types of goods into the U.K. must deposit 50 per cent of the value of the goods before Customs will release them. Deposits will be repayable to the importer 180 days after the date of payment.

The scheme will apply to one-third of all imports but excludes raw materials, including unmanufactured tobacco. It is understood, however, that manufactured tobacco products coming into Britain *will* be affected by this new ruling, and this could severely discourage imports of foreign brands of cigarettes, with cigars also probably affected to a lesser degree.

The result of these measures is almost certain to be a fairly drastic drop in cigarette smoking in the U.K., for a period of time at least. Such a consistently increasing scale of charges for

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Thailand Curbs Lorillard

Thailand's finance ministry has ordered P. Lorillard Co. of Asia to close down all cigaret making operations by the end of the year. Thai law reserves all cigaret making to a government monopoly. The firm was told it could operate only if it switched all production to cigars.

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